
Exhibit 8

MIDDLE EAST

Political Upheaval Tests Lebanon's Finances

Uncertainty after prime minister's resignation causes financial assets to be driven down



The resignation of Lebanon's Prime Minister Saad al-Hariri, shown in October, has thrown a wrench into the country's politics and the city's finances. **PHOTO:** MOHAMED AZAKIR/REUTERS

By Nikhil Lohade in Dubai and Nazih Osseiran in Beirut

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Investors worried about an escalating crisis between Riyadh and Beirut are selling Lebanese debt and equity, a flight of capital that threatens to upend the precarious finances of a country struggling with slow growth and high debt.

A small country on the eastern Mediterranean coast, Lebanon built its economy on tourism and trade but those businesses have suffered from decades of political instability. The country in recent years has pitched itself as a technology and financial hub in its search for new engines of growth.

But the sudden resignation over the weekend of Lebanese Prime Minister Saad Hariri has thrown a wrench into the country's politics and triggered worries about it becoming another front in the proxy war between Sunni Riyadh and Shiite Tehran. In his resignation, Saudi-backed Mr. Hariri has blamed Iran and its Lebanese ally Hezbollah for destabilizing the Middle East.

"People are afraid so there is a demand on the dollar, financial assets are being driven down," said a senior executive in one of Lebanon's top investment banks. "With all of this talk of

sanctions and wars, there is an environment of uncertainty and investors don't like uncertainty."

The price of Lebanon's five-year dollar-denominated bonds has fallen by more than 6% this week, while the cost of insuring its debt rose to its highest this year amid concerns over a potential default. Shares of listed Lebanese companies have fallen by about 3% this week.

In Beirut's residential neighborhood of Ras al Nabehl, shopkeeper Wissam Abo-Abdo shrugged off the economic fallout of a deepening crisis.

"They say this all the time, every time something happens they say the lira [Lebanese pound] will collapse but that never happened," Mr. Abo-Abdo said. "The foreigners always worry and run away, but we've been through this before and will go through this again."

The economy has weathered a number of significant shocks over the years, including the 1975-1990 civil war that tore the country apart. But a confrontation between the two Middle East powers via proxies on its soil will only result in greater political instability and further disrupt its economy, analysts say.

Lebanon's unity government—a volatile mix of Sunni and Shia Muslims as well as Christians—was formed about a year ago after a nearly three-year political stalemate that had weighed on its economy. Mr. Hariri was named prime minister after a deal that saw Hezbollah ally Michel Aoun, a Christian, elected as president.

His resignation has yet to be accepted by the president, who said he would do so after Mr. Hariri comes to Lebanon, meets with him in person and explains the reasons behind his resignation. It wasn't clear when Mr. Hariri planned to return to the country from Riyadh, from where he announced his resignation.

The International Monetary Fund has noted Lebanon's political progress in recent months, but said there was an urgent need to boost growth, in part by taking steps to improve the business climate and tackling high public debt.

The IMF expects Lebanon's gross domestic product to grow at 1.5% this year, still sluggish due to years of political instability and as the small country copes with more than a million Syrian refugees. Government debt meanwhile has soared to nearly 150% of GDP, which is among the highest in the world.

Lebanon relies heavily on tourism revenues, portfolio investments and deposits, the bulk of which originate in the neighboring Gulf countries, mostly from the large number of Lebanese living abroad, analysts say. These inflows have helped boost the country's foreign exchange

coffers, allowing it to service its debt obligations and maintain its currency peg to the U.S. dollar.

If Saudi Arabia moves to isolate Lebanon, like it did with Qatar in June, those investments and deposits will dry up, investors worry, forcing the government to dip into its reserves to keep the Lebanese economy running and, eventually, drop its currency peg.

“This could create problems for the government in servicing its large burden of foreign currency debt and raise the prospect of an outright default,” Jason Tuvey, an analyst at London-based Capital Economics, said in a note to clients.

The Lebanese central bank on Sunday said the local currency was stable, seeking to ease concerns over a possible run for U.S. dollars in the country amid speculation that the government might impose capital controls to head off a capital flight.

“There was a bit of worry the first day,” said one central bank official, who declined to be identified. “We went to the banks one by one and asked them if they needed anything, they said that they are fine. What is being said is all baseless and empty rumors,” he added.

Concerns about the economy and security remain. “I am very apprehensive and worried about the future,” said Ali Sasso, a 24-year old university student. “Who knows what will come next.”

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